

RECESSION & RECOVERY: Issues & Ideas Emerging From Arts Funders

The following information comes from interviews with dozens of public and private arts funders conducted over the past few months for GIA and other CSA&C clients. Interviewees were asked to describe the condition of their arts constituencies and how they were reacting to the deepening recession. These conversations certainly do not constitute a comprehensive study of the current state of arts philanthropy. Nevertheless, it is our hope that the information and ideas shared will contribute to the ongoing discourse about how arts funders can respond to the current economic crises. We should also note out that while most of the issues and ideas discussed here are not new the earnestness with which they are being considered and adopted has significantly increased as economy has continued to weaken.

In November they were nervous. Now they are scared. Most have not fallen off the cliff because we are working on last year's money

**Private Foundation
Program Officer**

1. *There is more attention being paid to local/state economic data and trends.* As the economic situation has turned increasingly sour, more arts funders are paying attention to relevant data on overall economic trends in the community's they serve. Sources include: internal foundation data and analysis, state and local departments of finance and commerce, chambers of commerce and state and federal legislative offices.
2. *There is an increasing recognition that data on the cultural sector in many communities is not sufficient for dealing with the current economic crises.* A good number of our interviewees felt that they were reaching a point where their decisions could mean the difference between failure and survival for some constituents. Along with this, many also mentioned the vital link between thoughtful and effective cultural investment and access to timely and accurate data. There was general concern that the mechanisms needed to get quick and accurate readings of cultural economic conditions were not available in many jurisdictions. Many mentions were made of the kind of system wide data collection offered by the Cultural Data Project.
3. *Increased responsiveness and flexibility can help:* Many of the arts funders we talked to are changing the way they do business to help their grantees weather the storm. The consensus among our respondents was that the best way to serve an arts community under economic stress was to get funds out more quickly and allow grantees greater flexibility to adapt those resources to their particular needs. Here are some of the strategies being implemented or considered.
 - Grant process simplification
 - Grant reconfiguration to meet immediate needs
 - Quick turn-around grants (3 to 6 weeks)
 - Small capacity building grants
 - Greater flexibility in application criteria and use of funds
 - Coordinating and combining resources with other funders
 - Providing loan guarantees
 - Grants to consortia for shared service or expertise (ex. shared marketing director)
 - Granting more general operating support and converting existing grants to "gen op."

4. *Openness and transparency of grant decision-making and planning can benefit the field, particularly in times of economic stress.* All of our interviewees reported reduced funds available for disbursement for at least the next two years. This reality, of course is leading to difficult, “least bad” decisions about priorities and where to cut. Some indicated that under the circumstance they felt an increased obligation to communicate promptly and clearly about decisions that will impact their constituents. As one interviewee commented “even if the news is bad, it’s better knowing than having to guess.”
5. *New partnerships and collaborations with other funders and community partners are emerging.* The majority of interviewees felt that the community wide issues precipitated by the recession called for more cooperation and joint action with colleagues and other community sectors. Some of the joint initiatives mentioned were:
 - Increased frequency and breadth of information sharing
 - Co-investment in critical infrastructure and/or innovation
 - More accurate and comprehensive data collection, sharing and dissemination
 - Education and advocacy with colleagues and public officials
 - Technical assistance, training and capacity building
 - System wide cultural investment planning

We are looking far and wide for viable collaborations. In the long run these projects are less costly, minimize risk, and extend the value

**Regional Arts Agency
Executive Director**

6. *Non-financial assets and strategies are being explored.* As financial assets shrink and need grows and, funders are looking beyond grant making for new ways to help their constituents and advance their missions. Most of the strategies identified were described as not new but receiving greater emphasis.
 - Technical assistance
 - Referrals to other sources
 - Convening constituents and colleagues
 - Research
 - Brokering projects for other funders
7. *Arts philanthropy can be seen as a part of an interdependent cultural ecology operating within the broader social political and economic landscapes.* This ecological frame of reference was raised numerous times in our discussions. Those holding this view regard artists, arts organizations, audiences, funders, etc., as components of a system whose interdependent dynamics and structures are best understood when they are studied together as a whole and contextualized by overall social, political and economic forces. They point out that these synergies become even more apparent during times of economic contraction. Even prior to the economic downturn, some funders working in multiple community sectors were recalibrating their programs to reflect this systematic view. As the recession has deepened others have indicated that they are paying more attention to ideas, issues and trends that

affect the broader community. Discussions about cultural sustainability referenced in item 10 below are another manifestation of this way of thinking.

8. *New Federal policies and funding may become an important part of the arts ecology.* The new administration is investing heavily in public works, workforce development, public service, and education initiatives that may open doors for arts involvement. In addition, dozens of cultural alliances and arts advocacy organizations have weighed in with ideas about how the new administration can make America's cultural infrastructure an integral part of the country's renewal. Some funders have taken the initiative to help their arts constituencies understand and interact with these promising, but often, confusing opportunities. Some specific strategies underway or being considered include:

- Researching state/local avenues for non-arts stimulus funding (see Attachment A)
- Advocating for arts sector access to stimulus and other non-arts funding with local and state agencies/officials
- Providing technical assistance to help arts constituents gain access to stimulus funding

If you need money today you get a check today. We have served a distressed community for a long time so this is how we have always worked.

**Municipal Arts
Council
Executive Director**

9. *Arts-based community development is an opportunity and a challenge.* There is an expectation that the ARRA and other federal initiatives will foster new opportunities for partnerships between the arts and agencies concerned with community development. Some interviewees discussed how difficult it is for organizations struggling to balance their budgets to say no to new money no matter how distorting it might be to their artistic missions. Others worried that artists and organizations new to community-oriented work will find themselves contending with perplexing levels of scrutiny. Judgment, and responsibility. Some discussed supporting orientations or training to help those interested or involved in these kinds of cross-sector projects.
10. *Defining and supporting cultural sustainability:* As economic pressures reveal weaknesses in cultural infrastructures, some funders are asking questions about what constitutes a sustainable cultural system or ecology. While these discussions are taking their cue from the economic and environmental sustainability movements there is also a worry that these movement are unaware of, or even ignoring the arts as a potential partner. Some see an opportunity to engage by showing how the arts sector exemplifies the ideal of a locally developed, renewable, non-polluting, social, and economic resource. Others expressed concern that both the "impending emergency" and "back to basics" aspects of the sustainability impulse will become the rationale for diminishing the importance of the sustainable cultural development.
11. *The appropriateness of traditional arts management, governance, and funding structures are being questioned.* Some funders reported that an increasing number of artists are concerned about how the nonprofit organizational model influences and even limits the depth and range of art-making. Some said this concern has grown as the economy has contracted. There is a growing sense that for some of the more temporal arts projects, nonprofit status is only used to qualify for funding and does not fit the actual requirements of the work. There is a significant interest, particularly among individual artists and smaller arts organizations, for

an exploration of new models for supporting projects that require material resources and staffing but not the sustained structure and support of an ongoing organizational entity. New and “old” funding and management approaches being explored include fiscal sponsorships, commissions, mergers, sustainable business models, funding circles, online microfinance, and Internet-driven, targeted, donor development.

12. *Cost cutting measures:* Along with the rest of the world funders are exploring a whole range of cost cutting measures. Internally our interviewees talked about some staff cuts; grant process simplification and a greater use of technology to reduce expenses. In their work with constituents many are soliciting and supporting new approaches to production and management. These include socially networked and highly targeted marketing approaches, consortia applications for shared services or programs, and the use of unemployed executive volunteers.

In a strange kind of way, I think this is a good time for the arts. If there was ever a time we needed the arts it is now. We are the creativity and innovation that is needed at a difficult time. We are being more assertive in making this case.

**Private Foundation
Executive**

13. *Despite the challenges there is optimism.* There are many who feel that these unprecedented circumstances will both demand and produce extraordinary solutions. A good number of our respondents also felt some of the innovations and reforms called up by these difficult times have been a long time coming. As such, they see the economic crises forcing some funders and arts community members to address questions that have been too long avoided. These issues include: the lack of support for individual artists; the resource gap between community-based and mainstream organizations; funder accountability, and problems with the 501c3 model discussed above. Internally, some see this time as an opportunity to question assumptions and beliefs that have long guided their approach to cultural philanthropy. There is hope that this will spawn new approaches to cultural investment that will bear fruit as the economy improves.

Our respondents also shared their strong belief in the resilience and resourcefulness of the creative sector. Some were particularly assertive about taking advantage of partnerships and other opportunities that are likely to arise as a result of the economic downturn. Others talked about the importance of rewarding and incentivizing innovative approaches to arts management, production, and presenting.